

COURT FILE NUMBER 2101 02280

COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY

APPLICANT ROYAL BANK OF CANADA

RESPONDENT PEOPLE EXPRESS TRANSPORT LTD.

DOCUMENT **APPLICATION BY ROYAL BANK OF CANADA**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
 Cassels Brock & Blackwell LLP
 Suite 3810, Bankers Hall West
 888 3 Street SW
 Calgary, AB T2P 5C5
 Telephone (403) 351-2921
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 Email: joliver@cassels.com / dmarechal@cassels.com
 File No. 33337-817



Attention: Jeffrey Oliver/Danielle Marechal

NOTICE TO RESPONDENTS:

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: Tuesday, April 20, 2021

Time: 3:00 PM

Where: Calgary Courts Centre – Via Webex

Before Whom: The Honourable Madam Justice L.B. Ho

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. Royal Bank of Canada ("**RBC**") is seeking:
 - (a) the endorsement and approval of an executed consent receivership order (the "**Consent Receivership Order**") attached hereto as Schedule "A":
 - (i) if necessary, abridging the time for service of this Application and supporting materials, to the time actually given and deeming service of notice of this Application and supporting materials good and sufficient;

- (ii) appointing Alvarez & Marsal Canada Inc. ("**A&M**") as receiver and manager (in such capacity, the "**Receiver**") pursuant to section 243 of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and section 13 of the *Judicature Act* (Alberta) over all of the current and future assets, undertakings and properties of People Express Transport Ltd. ("**PETL**"); and
 - (iii) granting such further and other relief, advice and directions as counsel may advise and this Honourable Court may deem just and appropriate; and
- (b) an Order substantially in the form attached hereto as Schedule "B" sealing the Confidential Affidavit of Arnold Masson, sworn April 14, 2021 (the "**Third Masson Affidavit**").

Grounds for making this application:

Loan and Security Documents

Credit Agreement

1. Royal Bank of Canada ("**RBC**") extended credit facilities (the "**Facilities**") and related services to PETL pursuant to, among others, Letter Agreements dated August 16, 2017, May 29, 2018 and October 8, 2019 (collectively, as amended, including without limitation by an amending agreement dated May 17, 2020, the "**Credit Letters**"), a Master Lease Agreement dated April 15, 2013 (the "**Lease Agreement**") and various Leasing Schedules (the "**Leasing Schedules**" and together with the Credit Letters and the Lease Agreement, the "**Facility Agreements**").
2. Pursuant to the Facility Agreements, RBC made certain advances to PETL. As of April 14, 2021, approximately \$10,741,857.29 (exclusive of fees, costs and expenses, including without limitation legal fees) (the "**Indebtedness**") remains due, owing and unpaid under the Facility Agreements.
3. Some of the facilities under the Facility Agreements are demand facilities, pursuant to which RBC is entitled to (among other things) demand repayment at any time, while other facilities under the Facility Agreements are term facilities.

Security Documents

4. The Facilities are secured by the following:
 - (a) Security Agreement – Chattel Mortgage between PETL and RBC dated June 25, 2012 (the "**Chattel Mortgage**");
 - (b) General Security Agreement – Floating Charge on Land between PETL and RBC dated March 27, 2013 (the "**GSA**"); and
 - (c) Lease Agreement;(collectively, the "**Security**" and together with the Facility Agreements, the "**Loan Documents**").
5. Pursuant to the Security, RBC was granted (among other things) a security interest in all present and after-acquired personal property of PETL.
6. RBC's security interests granted under the Security were perfected through the filing of financing statements registered in the Alberta Personal Property Registry.

Guarantees

7. The Facilities are also secured by a Guarantee dated May 22, 2015 (the "**Guarantee**") in the limited amount of \$1,000,000 and granted by Gurpreet Brar, Gurbaj Sandhu and Charanpreet Brar (collectively, the "**Guarantors**").

Events of Default, Demand Letters, Notice of Intention to Enforce Security, and Forbearance

8. Notwithstanding that some of the facilities are demand facilities, PETL also committed events of default under the Facility Agreements and Security.
9. On February 12, 2021, RBC, through its counsel Cassels Brock & Blackwell LLP, issued a demand for payment to PETL and each of the Guarantors together with a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") (collectively, the "**Demands**").
10. RBC previously appeared before this Honourable Court on February 25, 2021 seeking the appointment of a receiver over the property, assets and undertakings of PETL. Such application was adjourned by the Honourable Madam Justice Eidsvik in order to permit the parties to negotiate an arrangement under which PETL was given time in which to find refinancing and RBC would have access to additional reporting and transparency into the business affairs of PETL.
11. Further to that court appearance, PETL, the Guarantors (Gurpreet Brar, Gurbaj Sandhu, and Charanpreet Brar) (collectively, the "**Obligors**"), and RBC entered into a forbearance agreement on March 9, 2021 (the "**Forbearance Agreement**"), wherein the parties agreed, *inter alia*, that:
 - (a) RBC would forbear from exercising its rights and remedies against the Obligors until the earlier of 2:00 PM on April 1, 2021 and the date that any Forbearance Default (as defined in the Forbearance Agreement) occurred;
 - (b) RBC would continue extending credit to PETL;
 - (c) PETL consented to the appointment of Alvarez & Marsal Canada Inc. ("**A&M**" or the "**Monitor**") as private monitor in order to obtain and analyze a variety of information on the business and affairs of PETL; and
 - (d) PETL would deliver to RBC a binding commitment, term sheet or loan agreement (the "**Commitment**") satisfactory to RBC under which it is repaid in full on or before 2:00 PM MST on March 18, 2021.
12. As conditions precedent to the Forbearance Agreement:
 - (a) the Obligors provided RBC with an executed consent receivership order ("**Consent Receivership Order**"); and
 - (b) PETL and RBC entered into an agreement letter dated March 9, 2021 (the "**Engagement Agreement**") with A&M to act as private monitor of PETL.
13. On March 10, 2021, PETL was provided with the Monitor's preliminary diligence and documentation request (the "**Information Request**"), after an initial call with PETL and the Monitor on the same date. From the outset, PETL failed to provide the items requested in the Information Request to A&M as contemplated in the Engagement Agreement, on time or at all, despite several requests from A&M. Ultimately, of the 22 items originally included in the Information Request, only seven were fully answered by PETL.
14. PETL failed to provide the Commitment by March 18, 2021. As a result, on March 19, 2021, counsel to RBC advised counsel to PETL, *inter alia*, that:

- (a) the Obligors had failed to meet the Commitment Deadlines as defined in the Forbearance Agreement, triggering Phase II of the Engagement Agreement (which phase had more vigorous reporting requirements);
 - (b) the Obligors failure to provide the Monitor with certain deliverables contemplated by the Information Request prior to the commencement of Phase II of the Engagement Agreement constituted a breach of the Forbearance Agreement; and
 - (c) failure to provide the Monitor with the outstanding deliverables by 5:00 PM MT on March 22, 2021 would result in RBC placing all of PETL's accounts on deposit only and cease to make available other credit.
15. Notwithstanding PETL's failure to provide the Commitment, PETL still failed to provide the required documentation under the Engagement Agreement and as a result of these continuing defaults under the Forbearance Agreement, counsel to RBC scheduled court time for April 7, 2021 to appoint a receiver.
16. On March 23, 2021, counsel to PETL provided a proposal letter dated March 19, 2021 (the "**Proposal Letter**") from e-Capital for refinancing and advised that "it would take out the RBC loan in its entirety". However, on March 30, 2021, after completing its diligence, e-Capital revised its offer to an amount that is significantly less than the amount of RBC's indebtedness (the "**e-Capital Offer**").
17. On April 1, 2021, counsel to RBC advised counsel to PETL of its agreement to adjourn the April 7, 2021 court date to the earliest available date during the week of April 19, 2021 in order to provide RBC with time to consider the e-Capital Offer on certain terms and conditions, including:
- (a) PETL providing irrevocable authorization to e-Capital to provide the Monitor and RBC with all records provided to e-Capital by PETL. The basis for this request was that PETL was so deficient in its disclosure of information to RBC that RBC required such information in order to properly assess the e-Capital offer; and
 - (b) PETL providing RBC and the Monitor certain records and information by no later than 5:00 PM MST on April 5, 2021.

Information Revealed in Disclosure

18. RBC and the Monitor were provided access to the information previously provided by PETL to e-Capital on April 1 and 5, 2021. At that time, the Monitor and RBC learned that PETL provided to e-Capital a list of PETL's accounts receivable totalling \$3,140,661. In contrast, in the Affidavit of Charanpreet Brar sworn February 24, 2021, he deposes at paragraph 5 that PETL's current A/R was \$6,092,720.20. This difference of almost \$3 million between the A/R lists provided to e-Capital, RBC and this Court are not explained through the receipt of funds by PETL in any bank account that RBC is aware of.
19. Further, after comparing PETL's receivable list provided to RBC in January of 2021 compared to the information provided to e-Capital, approximately 47% of the receivables list provided to RBC (totalling approximately \$2.5 million) appear to be non-arm's length, third party receivables (the "**Other Receivables**"). The Other Receivables include approximately \$931,000 owing from Altalink Logistics Ltd. (which is a related-party), and approximately \$1.57 million of receivables are owed by PETL owner operators who had expenses paid or advanced by PETL on their behalf.
20. RBC extended margined credit of approximately \$1,875,000 to PETL based upon the Other Receivables, which it would not have made available had it known about their origination.
21. The documents provided by e-Capital also revealed that PETL has been maintaining bank accounts at ATB Financial and has been diverting some of its receivables to such accounts,

notwithstanding the fact that RBC has security over such amounts. Such amounts total approximately \$420,000 CAD and \$39,000 USD.

22. PETL rejected a “with prejudice” offer from RBC that would grant further time to PETL to source refinancing, provided that the day to day affairs and operations of PETL would be administered by A&M in a capacity as interim receiver. The rejection of that offer raises serious additional concerns to RBC that its collateral is in jeopardy, and that there may be further information that is relevant to RBC’s security that PETL’s management wishes to conceal.
23. Due to PETL’s defaults under the Forbearance Agreement, RBC is not extending any ongoing credit to PETL at this time. As a result, RBC has no visibility as to how PETL continues to fund its operations.
24. PETL has had adequate time and opportunity to obtain alternate financing. However, RBC is concerned that PETL is not and has not been acting in good faith with RBC.
25. RBC is the only economic stakeholder in PETL, is its fulcrum creditor, and there is no value in PETL’s equity. In light of that fact, the fact that RBC’s collateral is likely throughout North America, PETL’s unwillingness to be transparent with RBC and its actions to defeat or hinder RBC’s interests through diverting receivables and margining ineligible receivables, RBC is extremely concerned that its collateral is in jeopardy.
26. In the circumstances, it is just and convenient that a receiver be appointed, to which appointment PETL has previously consented.
27. The appointment of an independent receiver would permit the orderly wind down of the business through a transparent, properly funded and safe, court supervised mechanism.
28. A&M has consented to act as receiver of PETL.

Sealing Order

29. RBC seeks an order directing the sealing of the Confidential Affidavit of Arnold Masson (the “**Sealing Order**”).
30. The Confidential Affidavit references the e-Capital Offer, which contains commercially sensitive information relating to a potential third-party lender’s valuation of certain of the PETL assets.
31. The disclosure of the information contained in the Proposal could adversely affect the Receiver’s efforts to maximize value of the assets for RBC and other stakeholders.
32. The proposed form of Sealing Order is the least restrictive and prejudicial alternative to prevent the disclosure of commercially sensitive information. The benefits of a Sealing Order outweigh any negative effects on the interests of the public.

Material or evidence to be relied on:

33. Statement of Claim, filed;
34. Application, filed February 22, 2021;
35. Affidavit of Arnold Masson, sworn February 19, 2021;
36. Consent to Act as Receiver executed by A&M, filed February 22, 2021;
37. Affidavit of Richard Kay, sworn February 24, 2021;
38. Affidavit of Arnold Masson, sworn February 25, 2021;

39. Affidavit of Arnold Masson, sworn April 14, 2021; and
40. Confidential Affidavit of Arnold Masson, sworn April 14, 2021.
41. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable rules:

42. The *Alberta Rules of Court*, including Rules 1.2, 1.3, 1.4, 6.1, 6.2, 6.3 and 6.47; and
43. Such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

44. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular section 243 thereof;
45. *Judicature Act*, RSA 2000, c J-2, as amended, and in particular section 13(2) thereof; and
46. Such further and other acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

47. None.

How the application is proposed to be heard or considered:

48. Via WebEx.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF
APPLICANT
RESPONDENTS
DOCUMENT
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT:

2101-02280
COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY
ROYAL BANK OF CANADA
PEOPLE EXPRESS TRANSPORT LTD.
CONSENT RECEIVERSHIP ORDER
Cassels Brock & Blackwell LLP
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888 3 Street SW
Calgary, AB T2P 5C5

Telephone (403) 351-2921
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Email: joliver@cassels.com / dmarechal@cassels.com
File No. 33337-817

**DATE ON WHICH ORDER WAS
PRONOUNCED:
NAME OF JUDGE WHO MADE THIS
ORDER:
LOCATION OF HEARING:**

Tuesday, April 20, 2021

The Honourable Madam Justice L.B. Ho
Calgary, Alberta

UPON the application of Royal Bank of Canada (“**RBC**”) in respect of People Express Transport Ltd. (the “**Debtor**”); **AND UPON** having read the Application, the Affidavit of Arnold Masson, sworn February 19, 2021; the Affidavit of Richard Kay, sworn February 24, 2021; the Affidavit of Service of Richard Kay, sworn February 24, 2021; the Affidavit of Charanpreet Brar, sworn February 24, 2021; the Affidavit of Arnold Masson, sworn February 25, 2021; the Affidavit of Arnold Masson, sworn April 14, 2021; and the Confidential Affidavit of Arnold Masson, sworn April 14, 2021; **AND UPON** reading the consent of Alvarez & Marsal Canada Inc. to act as receiver and manager (the “**Receiver**”) of the Debtor, filed; **AND UPON** hearing counsel for RBC, counsel for the proposed Receiver, counsel for the Debtor and any other counsel or other interested parties present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) and section 13(2) of the *Judicature Act*, R.S.A. 2000, Alvarez & Marsal Canada Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$150,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtor, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might

otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided, however, that nothing in this Order shall:
- (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Receiver, or leave of this Court.

CONTINUATION OF SERVICES

12. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Debtor, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to

prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “Sale”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

- 17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

- 18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Receiver's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.
- 19. The Receiver and its legal counsel shall pass their accounts from time to time.
- 20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the **"Receiver's Borrowings Charge"**) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the **"Receiver's Certificates"**) for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
31. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
32. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

34. The Receiver shall establish and maintain a website in respect of these proceedings at www.alvarezandmarsal.com/petl (the “**Receiver’s Website**”) and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
35. Service of this Order shall be deemed good and sufficient by:
- (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
 - (b) posting a copy of this Order on the Receiver’s Website
- and service on any other person is hereby dispensed with.
36. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen’s Bench of Alberta

CONSENTED TO BY:

MCLEOD LAW LLP



Name: Scott C. Chimuk
Counsel to People Express Transport Ltd.

CASELS BROCK & BLACKWELL LLP



Name: Jeffrey Oliver
Counsel to Royal Bank of Canada

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Alvarez and Marsal Canada Inc., the interim receiver and receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of People Express Transport Ltd. appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the **[day]** day of **[month]**, **[year]** (the "**Order**") made in action numbers **[●]**, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of **[\$]**, being part of the total principal sum of **[\$]** that the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded **[daily]** **[monthly not in advance on the ● day of each month]** after the date hereof at a notional rate per annum equal to the rate of **[●]** per cent above the prime commercial lending rate of Bank of **[●]** from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at **[●]**.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

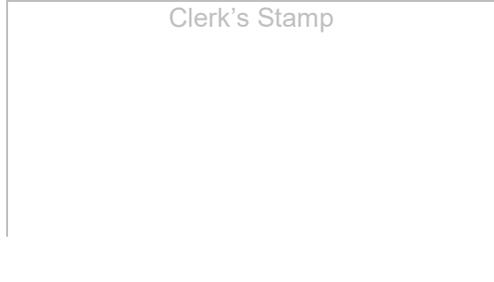
DATED the _____ day of _____, 20__.

Alvarez and Marsal Canada Inc., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

SCHEDULE "B"

COURT FILE NUMBER 2101 02280
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ROYAL BANK OF CANADA
RESPONDENTS PEOPLE EXPRESS TRANSPORT LTD.
DOCUMENT **SEALING ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3rd Street SW
Calgary, Alberta, T2P 5C5
Telephone 403-351-2921/403-351-2922
Facsimile 403-648-1151
File No. 25614-38



Attention: Jeffrey Oliver/Danielle Marechal

DATE ON WHICH ORDER WAS PRONOUNCED: Tuesday, April 20, 2021
LOCATION OF HEARING: Calgary, Alberta
NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madam Justice L.B. Ho

UPON THE APPLICATION of Royal Bank of Canada ("**RBC**") for the appointment of a receiver and manager of the assets, properties and undertakings of People Express Transport Ltd. (the "**PETL**") and a sealing order; **AND UPON HAVING READ** the Affidavit of Arnold Masson, sworn April 14, 2021 and the Confidential Affidavit of Arnold Masson, sworn April 14, 2021 (the "**Confidential Affidavit**"); **AND UPON** hearing from counsel for RBC and such other counsel or parties as were present;

IT IS HEREBY ORDERED AND DECLARED THAT:

- 1. Service of this Application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

SEALING ORDER

- 2. The Confidential Affidavit shall be sealed on the Court file, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*, Alta Reg 124/2010, until further order of this Honourable Court.

3. The Clerk of the Court shall file the Confidential Affidavit in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED IN COURT FILE NO. 2101-02280. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY THE HONOURABLE MADAM JUSTICE L.B. HO ON APRIL 20, 2021 UNTIL FURTHER ORDER OF THE COURT, AND ARE NOT TO BE PLACED ON THE PUBLIC RECORD OR MADE PUBLICLY ACCESSIBLE.

4. Any party may apply to set aside paragraph 2 of this order upon providing the parties to this proceeding and all other interest parties with 5 days notice of such application.
5. Service of this order shall be deemed good and sufficient by serving same on the persons listed on the service list (attached as Schedule "C") to the application.
6. Service of this order on any party not listed in Schedule "C" of the application is hereby dispensed with.

J.C.Q.B.A.

SCHEDULE "C"

COURT FILE NUMBER 2101-02280

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ROYAL BANK OF CANADA

RESPONDENTS PEOPLE EXPRESS TRANSPORT LTD.

DOCUMENT **SERVICE LIST**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3 Street SW
Calgary, AB T2P 5C5

 Telephone (403) 351-2921

 File No. 33337-817

Counsel/Party	Telephone	Fax	
Cassels Brock & Blackwell LLP Suite 3810, 888 3 Street SW Calgary, AB T2P 5C5 Attn: Jeffrey Oliver/Danielle Marechal Email: JOliver@cassels.com DMarechal@cassels.com	403-351-2920	403-648-1151	Counsel for Royal Bank of Canada, Secured Lender
McLeod Law 300, 14505 Bannister Road SE Calgary AB, T2X 3J3 Attn: Scott Chimuk Email: scchimuk@mcleod-law.com			Counsel for People Express Transport Ltd. and Guarantors: Gurpreet Brar, Gurbaj Sandhu and Charanpreet Brar
Gurpreet Brar 120 Saddlecrest Gardens NE Calgary, AB T3J 0C3 Email : gurpreet@peoplexpress.ca			Guarantor
Gurbaj Sandhu 120 Saddlecrest Gardens NE Calgary, AB T3J 0C3 Email: gurbaj@peoplexpress.ca			Guarantor
Charanpreet Brar 120 Saddlecrest Gardens NE Calgary, AB T3J 0C3 Email: preet@peoplexpress.ca			Guarantor

<p>Alvarez & Marsal Canada Inc. Bow Valley Square 4, Suite 1110 250 6th Avenue SW Calgary AB T2P 3H7</p> <p>Attn: Orest Konowalchuk Email: okonowalchuk@alvarezandmarsal.com</p>			Proposed Receiver Private Monitor
<p>Kirwin LLP Suite 100, South Building 124th Street Business Park 12420 – 104th Avenue Edmonton, AB, T5N 3Z9</p> <p>Attn: Patrick Kirwin Email: PKirwin@kirwinllp.com</p>			Counsel for Calmont Leasing Ltd.
<p>Bishop & McKenzie LLP #2200, 555 – 4 Avenue SW Calgary, AB, T2P 3E7</p> <p>Attn: Anthony Dekens Email: adekens@bmlp.ca</p>			Counsel for VFS Canada Inc.
<p>Volvo Group Canada Inc. o/a Transwestern Truck Centres 5555-80 Avenue SE Calgary, AB T2C 4S6</p> <p>Email: credit@transwesterntruck.com</p>			PPR Registrant, Garage Keepers' Lien
<p>Daimler Truck Financial 2680 Matheson Blvd East, Suite 500 Mississauga, ON L4W 0A5</p> <p>Email: albertaprod@teranet.ca</p>			PPR Registrant
<p>Mercedes-Benz Financial Services Canada Corporation 2680 Matheson Blvd East, Suite 500 Mississauga, ON L4W 0A5</p> <p>Email: albertaprod@teranet.ca</p>			PPR Registrant
<p>Wells Fargo Equipment Finance Company 1290 Central Parkway West, Suite 1100 Mississauga, ON L5C 4R3</p> <p>Email: info@securefact.com</p>			PPR Registrant
<p>Business Development Bank of Canada Box 6, 505 Burrard Street Vancouver, BC V7X 1M3</p> <p>Email: legalwfsc@bdc.ca</p>	604-666-1916	604-666-1573	PPR Registrant

<p>Ward Tires Inc. 3681 48 Avenue SE Calgary, AB T2B 3N8</p> <p>Email: absecparties@avssystems.ca</p>			PPR Registrant
<p>The Bank of Nova Scotia 10 Wright Boulevard Stratford, ON N5A 7X9</p> <p>Email: collateral.guard@teranet.ca</p>			PPR Registrant
<p>TD Auto Finance (Canada) Inc. PO Box 4086, Station A Toronto, ON M5W 5K3</p> <p>Email: collateral.guard@teranet.ca</p>			PPR Registrant
<p>R James Management Group Alberta Ltd. 9115 – 52 Street SE Calgary, AB T2C 2R4</p> <p>Email: ar-alberta@rjameswsf.ca</p>			PPR Registrant, Garage Keepers' Lien
<p>Kal Tire a Corporate Partnership 1540 Kalamalka Lake Road Vernon, BC V1T 6V2</p> <p>Email: absecparties@avssystems.ca</p>			PPR Registrant, Garage Keepers' Lien
<p>Hitachi Capital Canada Corp. 3390 South Service Road, Suite 301 Burlington, ON L7N 3J5</p> <p>Email: legal@hitachicapital.ca</p>			PPR Registrant
<p>Canada Revenue Agency c/o Prairie Regional Office - Edmonton Department of Justice Canada 300 Epcor Tower 10423- 101 Street NW Edmonton, Alberta T5H 0E7</p> <p>Attn: George Body Email: George.Body@justice.gc.ca</p>			
<p>Essex Lease Financial Corporation 10768 74th Street SE Calgary, AB T2C 5N6</p>	403-693-4060	403-236-9076	PPR Registrant
<p>C. Keay Investments Ltd. DBA Ocean Trailer 15205 131 Avenue NW Edmonton, Alberta T5V 0A4</p>			PPR Registrant (BC)

C. Keay Investments Ltd. DBA Ocean Trailer 9076 River Road Delta, British Columbia V4G 1B5			PPR Registrant (BC)
WS Leasing Ltd. c/o Suite 1900, 13450 102 Avenue Surrey, BC V3T 5Y1	604-528-3802	604-525-7572	PPR Registrant
Mercado Capital Corporation, a Division of Westminster Savings Credit Union #1900 – 13450 102 Avenue Surrey, BC, V3T 5Y1			PPR Registrant